the table while we go through that process. Yes,

Bill?

COMMISSIONER BIBLE: Is your price capable

of negotiation? It was suggested that maybe

negotiating would lower the price?

MS. TORREY: Our price is sort of what --

for the kinds of activities we laid out for you. So

what we would have to do is we would have to take some

of those activities off the table. We have -- one of

our big problems and one of our real expenses is our

review process and it goes into the question of time

that somebody raised. It is -- we have such an

extensive review by outside scientists of our work

that it really -- it reduces our degrees of freedom in

negotiating.

COMMISSIONER BIBLE: Which I guess then

you are suggesting that if the price were reduced that

the quality of the work product may not be the same?

MS. TORREY: I have to tell you that is

ture.

COMMISSIONER BIBLE: Okay. Thank you.

CHAIRPERSON JAMES: Do we have any other
questions for this panel before we begin those
discussions? John?

COMMISSIONER WILHELM: Am I correct in
understanding that this business about bidding is not
a factor with respect to the NRC?

MS. TORREY: We don't bid. Our -- the
people who serve on our committees are volunteers. We
pay them their travel and their food. We give them
cookies in the afternoon. We will pay occasionally
for papers for workshops, but those are -- that is
$1,000.00. And because we are not a federal agency,
we don't have to bid.

CHAIRPERSON JAMES: They aren't bound by
those sticky little procurement laws.

COMMISSIONER WILHELM: Is the ACIR's
requirement because of us or because of them?

CHAIRPERSON JAMES: I think he answered
that when he said it is because they are a federal
agency and are bound by federal laws. Thank you very
much. We appreciate your coming here today and thank
you for the work you have done, particularly with our
research subcommittee.
We are now, in fact, into the portion of our agenda where we are talking about the contract for both of these organizations.

COMMISSIONER MCCARTHY: I would like to move, Madam Chair, that we approve the plan of action submitted by the National Research Council as amplified by the presentation and the questions and answers we have just heard and authorize the Chair to move forward and negotiate a contract with them as promptly as possible.

CHAIRPERSON JAMES: Is there a second?

COMMISSIONER LOESCHER: I second the motion.

CHAIRPERSON JAMES: I'd like to open for discussion of that motion at this particular time.

COMMISSIONER MCCARTHY: I think that I am enormously impressed by the professionalism of this group and I think we are going to get a good product. I am mindful of the total budget research dollars we will have, but this one there is absolutely no question in my mind that we have all the data that we can hope to have before us and all of the appropriate
information on which to make a judgment and I think
the subject matter of pathological gambling is one of
the critical ones that we are going to have to face on
this Commission. And I would at least like to get
this part of the research undertaken so that we don't
defer all of the research that this committee is going
to have to make a judgment upon. I have already
talked to one member of the Commission who has a
couple of good contacts at one or two foundations and
we are going to try to work very hard to see if we can
get some additional research dollars so that we are
not caught short as the full Commission examines all
areas that should appropriately be researched.

CHAIRPERSON JAMES: Jim?

COMMISSIONER DOBSON: Madam Chair, I am
going to vote against the motion. Not because I
oppose our affiliation with the NRC, but because I
just feel like it is premature to make that decision.
I may be the only one, but I would like to defer that
judgment until we have a chance to look at all that we
are trying to do and then fit the pieces together.

CHAIRPERSON JAMES: John?
COMMISSIONER WILHELM: As I started to say before, I support -- now that it is a motion, I support the motion because, one, the law requires the Commission to contract with the National Research Council. Two, as Leo said, I think all three of us on the research committee were quite impressed with the approach and professionalism of the National Research Council. Three, while I am sensitive to the point that Richard and Jim made before about the budget, and obviously we don’t have a budget -- nevertheless, particularly in view of the NRC’s response to Bill’s question, that is, is this price negotiable, and I understood the answer to be not if you want us to do what it is that we are supposed to do with the rigor that we customarily do it, then it seems to me that for those reasons that it is not premature to contract with this group. And for that reason, I support the motion.

CHAIRPERSON JAMES: Paul?

COMMISSIONER MOORE: I will probably support the motion also, but I would like before we vote -- I am not very carried away with ACIR and maybe
this is not the time to discuss that, but I would like
to know what our legal ramifications are that we have
to deal with ACIR. It seems to me like they are sort
of like a shell company or whatever you call that.
Someone didn't think that they ought to exist and
didn't fund them and then he says they went back and
did fund them. He says that they have two people and
maybe two people working part-time, and they are going
to go out and hire all of these people. There is
going to be time in getting contracts or bidding
these. And so I would just like to know what our legal
obligations are. I don't know if this has anything to
do with NRC, but I think they fall under the same
category in the law.

CHAIRPERSON JAMES: What I would like to
do is confine our discussion at this point to the
motion that is on the table and that is NRC. And when
we complete that, then I think it would be appropriate
to entertain some discussion or a motion about ACIR.

COMMISSIONER BIBLE: Before we act on
Leo's motion -- Leo, we have in our package of
materials something referred to as general research
policy guidelines that were prepared -- I guess you
must have prepared these items.
COMMISSIONER MCCARTHY: Yes.
COMMISSIONER BIBLE: Would your motion
include incorporating these guidelines into the
proposed contract?
CHAIRPERSON JAMES: Can I ask
Commissioners to please use the microphones?
COMMISSIONER MCCARTHY: Yes.
COMMISSIONER BIBLE: Good.
COMMISSIONER MCCARTHY: I don't think we
need to formally include them in this agreement. I
view those as applicable to all research that will be
undertaken by the Commission.
COMMISSIONER BIBLE: No, and I would agree
with that. I think that they are very good guidelines
and we should use them in all endeavors.
CHAIRPERSON JAMES: My understanding is
that you all discussed those research guidelines in
your subcommittee and made some changes to them. And
I think before Commissioners agree that they would
like to see those included in the research as the
guidelines, it may be helpful to know or have from the committee a report on what changes you did make.

COMMISSIONER MCCARTHY: I made changes.

The changes referred to are ones that I made to John Wilhelm's original draft.

COMMISSIONER BIBLE: But they are in the copies --

COMMISSIONER MCCARTHY: They are included in this copy.

CHAIRPERSON JAMES: Okay. I am sure that I have them here in this stack of paper. But for the benefit of the Commission and of the audience, John, would you -- either John or you, Leo, if you could talk about what changes you made to them, that would be helpful.

COMMISSIONER MCCARTHY: As soon as I find a copy of it. I must have a copy of my own among these 3,000 pieces of paper I have here. I changed -- I made a suggested change which Mr. Wilhelm suggested in B. He had, "To the greatest extent possible, the Commission shall rely upon quantitative research."

Originally the language also had "rather than
qualitative research", and while I do agree that quantitative research to establish a trustworthy common base of data should be used in all research, in this kind of subject matter, there will be some qualitative research that is made, and I think Carol Petrie made reference to that in her presentation. So I asked John to remove that language so that we did not appear to be dismissive of qualitative research.

In D, I inserted the clause that begins that section, "In order to provide local, state, Indian tribal, and federal officials as well as the public with the data." That is practical for self-evident reasons as a basis for what follows after that. That's the main purpose, to get that out to the public and to all of the officials. I added card clubs to the list of forms of gambling that were included. That is in D also, toward the end of D. I made changes that Mr. Wilhelm was kind enough to accept in D and E -- I am trying to recall because I don't have both versions in front of me. Yes, I think it was primarily to give the Commission the flexibility that what we would want to look at is
regions, not necessarily one locale, so that we could
compare different forms of gambling and look at the
differences in customer profiles that migrate from
area to area. That language is in the latter half of
that section. To the same point in G, that we should
focus a substantial part of our research by selecting
a defined number of regional areas. I don't know what
those are yet or how to define them, but we are
getting a better idea of that. Whether we group
together Pequot and Atlantic City or Mississippi and
Louisiana or California and Nevada, I am not sure.
That is going to take a great deal of conversation.
My point was not to in any microstudy select too small
a base because it wouldn't give us the diversity that
we need to provide useful data. I think that is
pretty much it. John, do you want to --

COMMISSIONER WILHELM: There were just two
others, Leo, that you had -- one that you had made in
C. The earlier draft said "statistical methodology
utilized by other governmental research
organizations", and you changed it, I think
appropriately, to "statistical methodology utilized by
professionally respected private and public entities."

And then the last change, which I think got omitted, Leo, on the copy the Commissioners have, was the one that Jim suggested in D. It should read in D at the beginning, "In order to provide local, state, Indian tribal, and federal officials as well as public officials with data of practical application in diverse communities and environments considering the limitation," -- that was Jim's insertion -- "initiation or expansion of legalized gambling."

COMMISSIONER MCCARTHY: Yes, that was in my version. So this must be the original version.

COMMISSIONER WILHELM: The word limitation along with initiation or expansion was supposed to be inserted there.

COMMISSIONER MCCARTHY: Right. What I distributed does have the limitation word in it.

COMMISSIONER WILHELM: Oh, it does? Okay, this one doesn't. Sorry. Those were the changes as far as I know.

CHAIRPERSON JAMES: Thank you. That was very helpful.
COMMISSIONER MCCARTHY: Now that isn't to
suggest that some other member of the Commission is
not going to say why did those three fellows on the
subcommittee on research leave out this very critical
area. A blinding light may strike them at 3:00 a.m.
tomorrow morning while they are thinking about this
material, and we are amenable to that. But we think
we have got a set of principles here that would be
useful. So the answer is, yes, I think -- to the
extent practical, pathological gambling research is
obviously going to be a lot different in many respects
than economic impact. So we have to -- it has to be
applied -- the principles have to be applied with
common sense, of course. It is going to be easier to
apply those principles in some forms of research like
economic impact than it might be with pathological
gambling.

COMMISSIONER BIBLE: But at least there is
a commonality of data gathering. We will be
collecting it uniformly, so that this contract won't
look different than some other contract.

COMMISSIONER MCCARTHY: Yes.
CHAIRPERSON JAMES: May I make a suggestion then that we entertain a separate motion so that this will apply to all of the research that we do and not just insert it into this particular one? I think we ought to vote on the motion that is on the floor and then I would be happy to entertain a second motion that would adopt these as the general research guidelines. Any further discussion? Yes, Richard?

COMMISSIONER LEONE: I have a -- my head is with Dr. Dobson on this one because that is undoubtedly a problem to proceed even in an area as essential as this and commit what, if we are unsuccessful in raising outside money, could amount to a third or so of the research budget by any eyeballing of what we have got to do and what we have got. On the other hand, I understand this is -- I don't want to be Montgomery to Leo's Patton here. I understand the desirability of just going forward because the chances are excellent -- we have got the right group, I think, to look at this and they have obviously a professional approach and it has got to be part of the report. And to wait a few more months and then be in
the same place with that much less time makes no
sense. I guess to make me a little more comfortable
with what I am sure is going to be the outcome of this
vote -- I am sorry?

CHAIRPERSON JAMES: Yes. I was going to
suggest that we focus on what the motion is and that
the motion is not that we are signing a contract
today.

COMMISSIONER LEONE: That is what I was
going to say.

CHAIRPERSON JAMES: The motion is that we
begin that process. And I think that when we are at
the point where we have a final contract, we bring it
back before this Commission and that will give us the
opportunity, then, to fit it in with the larger --

COMMISSIONER LEONE: Kay, I am not asking
for that. In fact, I was with you to that point. I
wanted to be clear in my own mind that you would be
negotiating this and put it in a context that made
sense to you in terms of our overall budget. But I
view this as delegating to you the ability to do that
and I think you should. I don't think we should have
to wait until October or November if your judgment is that we can put this thing together in a few weeks or a month when we have eyeballed some of the other numbers. Then I think we should do it in spite of the fact that in some parallel universe they are doing this in a more sensible way. We don't have that luxury. So I just -- with that in mind, then I will support this.

CHAIRPERSON JAMES: Any other discussion on the amendment that is before us?

COMMISSIONER LOESCHER: Madam Chairman, could you have the motion restated, please, from somebody who is taking minutes?

CHAIRPERSON JAMES: Certainly. Who was taking that? I am not sure that she is doing it contemporaneously. So that I would ask Leo --

COMMISSIONER MCCARTHY: Is somebody ready to copy down these extraordinary words that I am about to utter?

CHAIRPERSON JAMES: Absolutely.

COMMISSIONER MCCARTHY: I will speak slowly here. I move that the Commission, based on the
prospectus and plan of action submitted by the National Research Council, authorize the Chairman of the Commission to proceed to negotiate and sign a contract to do the research that is outlined in the prospectus.

COMMISSIONER LOESCHER: I seconded the motion.

CHAIRPERSON JAMES: That is right. The motion was seconded by Mr. Loescher. We have had discussion. Are we ready for the vote? All in favor, please say aye?

COMMISSIONER LOESCHER: Madam Chairman, I would like a roll call vote.

CHAIRPERSON JAMES: You may certainly have one. Mr. Bible?

COMMISSIONER BIBLE: Aye.

CHAIRPERSON JAMES: Mr. Dobson?

COMMISSIONER DOBSON: No.

CHAIRPERSON JAMES: Mr. Lanni?

COMMISSIONER LANNI: Aye.

CHAIRPERSON JAMES: Mr. Leone?

COMMISSIONER LEONE: Aye.
CHAIRPERSON JAMES: Mr. Loescher?

COMMISSIONER LOESCHER: Yes.

CHAIRPERSON JAMES: Mr. McCarthy?

COMMISSIONER MCCARTHY: Aye.

CHAIRPERSON JAMES: Mr. Moore?

COMMISSIONER MOORE: Aye.

CHAIRPERSON JAMES: Mr. Wilhelm?

COMMISSIONER WILHELM: Aye.

CHAIRPERSON JAMES: And the Chair votes aye. That is 8:1, the motion carries. At this point, I would like to entertain a motion, perhaps from Mr. Wilhelm, on his general research guidelines. We delayed a discussion of that.

COMMISSIONER MCCARTHY: Madam Chair, if I may suggest, we are submitting that to you as a subcommittee -- oh, no, we are not because we didn't notice the meeting. So let me just state that Mr. Wilhelm may wish to make a motion. See how quickly -- of course, I will no longer state that the three of us share an opinion on the subcommittee anymore, but I will support Mr. Wilhelm's proposal.

COMMISSIONER WILHELM: And for purposes of
our committee, the full title of that document is as
drafted by Wilhelm and tweaked by McCarthy and Dobson.
That was our official terminology. I move the
adoption of the version that -- the amended version
that was provided to the Commissioners. Let me just
note for the record that there is more than one
version floating around. And again, the version that
not only me but several Commissioners have omits in D
the word added by Dr. Dobson, which should be
included.

CHAIRPERSON JAMES: Limitation?

COMMISSIONER WILHELM: Which is the word
limitation immediately preceding initiation or
expansion. So depending on whether or not your
version has that, it should be there and I move their
adoption.

COMMISSIONER BIBLE: And I will second the
motion.

CHAIRPERSON JAMES: The motion has been
moved and properly seconded. Is there any discussion?
Mr. Loescher?

COMMISSIONER LOESCHER: Madam Chairman, I
am not keeping up here. I don't know where the word limitation goes.

COMMISSIONER BIBLE: It is the fourth line up from -- excuse me, Madam Chair.

CHAIRPERSON JAMES: Yes, please.

COMMISSIONER BIBLE: It is the fourth line up from the bottom of the first page, the last word where it reads, "communities and environments considering the limitations..." and then onto the next line, "initiation, or expansion..." The fourth line up from the bottom.

COMMISSIONER MOORE: Put limitation there, right?

CHAIRPERSON JAMES: That is correct.

COMMISSIONER LOESCHER: I have it now.

That is fine.

CHAIRPERSON JAMES: Any other questions or discussion? I call for the vote. All in favor, please say aye. Any opposed? Motion carries. We will note for the record that Mr. McCarthy was out of the room during the vote. Now we have the question before us of ACIR and any discussion. I know that Mr.
-- can someone find Commissioner McCarthy and see?

COMMISSIONER WILHELM: If I may in Leo's absence, Kay?

COMMISSIONER MCCARTHY: I am here. You may anyway.

COMMISSIONER WILHELM: I wouldn't even think of it now that you are the chair of a committee as opposed to a mere subcommittee. Leo, the chair had just raised the question of the ACIR, and I thought perhaps you should reflect the state of that issue, at least in the minds of the research committee.

CHAIRPERSON JAMES: Mr. McCarthy? Yes, there you go.

COMMISSIONER MCCARTHY: I think the feeling of the committee is that there could be a serious opportunity for ACIR to assist us in some of the research of this. I think I would like to get just a little more information from Mr. Griffiths, with whom I had the chance to speak now several times and like very much. But if we could just get a clear definition of how the research would be done. I am sort of thrown for a loss about this business of this
competitive bidding and who would do the agreements.
Because I think Mr. Griffiths does have access to some
people who are quite familiar with state government
costs and finance and so on and that could possibly be
quite valuable. So I am personally not in a position
to vote for a contract this afternoon, but I would
like to pursue it with Mr. Griffiths. And I
especially would like to find a way to have a little
more flexibility in how we put these bids out. That
is enough.

CHAIRPERSON JAMES: Richard?

COMMISSIONER LEONE: Yes. I have a
somewhat more negative -- of course, I haven't had the
exchanges you have had. In my teaching days, I was
something of a wonk, and I certainly had a high
opinion of ACIR. However, as I understand the
situation, this Commission is essentially being called
upon to cover the entire overhead cost of keeping ACIR
in business while they do this subcontractor work and
other work for us. I have a high opinion of the
people who remain there and of the people they would
be likely to turn to, assuming the bidding process
permitted us to get the quality we need. But I am
troubled by it. It is an odd way to proceed. Again,
I think it is an odd way -- it is not an odd way for
Congress to proceed because Congress is sui generis on
these matters. But it raises in my mind a question of
whether -- this is probably why public meetings always
are a source of trouble. But it would be a lot
cheaper just to hire the two people who are there onto
our staff and have them go out and get people to do
the work. Not that I am suggesting that, but it is
again -- it is something that troubles me. The
arrangement troubles me. And I think that is going to
be a problem no matter how we slice it. But if and
when we have this committee formally in place, I am
confident that they will come back with the answer.
But I don't feel I have the answer today.

CHAIRPERSON JAMES: Jim?

COMMISSIONER DOBSON: Madam Chair, I think
my opinion is already clear on this one, and it is
very different than my view of the NRC, where I voted
against the motion simply because of timing. But I
can see the value of participating with them. I
really do have major concerns about our asking the
ACIR to do what they have proposed. They have
virtually no staff at this time, as we have said, and
certainly, as I can see, no specific expertise on the
subject of gambling. They are conducting no research
currently. They are an intermediary that is going to
serve primarily as a go-between and that seems
unnecessary to me at best. They would consume at
least $1.4 million of our budget, whatever it happens
to be, and perhaps as much as $20 million, if we
should have that much.

Approximately 30 percent of which, if I
heard correctly, goes for overhead. That is a chunk
of change. Now it is not real money because it is tax
money and so we can -- I am being facetious. I think
we do have an obligation to look out for how we spend
the money. And they, as has been mentioned, are
required to seek competitive bids for research
assistance, which will bog down the process.

Apparently the statute requires us to do
something with them. They have to assist us, it says.
But I would favor the minimum involvement or at least
to limit their participation in some way.

CHAIRPERSON JAMES: I would like to make
a suggestion at this point -- of course it is at the
discretion and will of the Commission -- that we kick
this one back to our -- what are we calling them now,
committee or subcommittee -- to Leo and John and Jim
and have them continue to ask some of these questions
and to research this issue a little bit further and to
report back to us when they feel that they have
sufficiently answered those questions to their
satisfaction. I don't think we necessarily have to
have a vote on that. It is a consensus issue. Bob?

COMMISSIONER LOESCHER: Madam Chairman, I
am against that suggestion and for the record, I
oppose the idea. A couple of things come to my mind.
The first one is an easy one. If we don't have to do
the Internet gambling thing with ACIR, let's don't and
figure out another way.

So I would like to sort of ask the
Commissioners to think of that in that vein and see
what we could conclude there. Another point is that
I am persuaded by the arguments this morning that we
should follow the law, and the law says that we have
to contract with ACIR. I think we should in good
faith try to implement the law. I really did like the
way the NRC made their prospectus, and maybe we ought
to give ACIR the opportunity to advance a prospectus
in each of the segments that they are challenged to
provide us advice with or reports on. I offer that as
a suggestion rather than going this other way
disparagingly saying that they are not capable, when
we have not given them the chance. And also, not
being responsive to the law in good faith. So I offer
that idea.

CHAIRPERSON JAMES: John?

COMMISSIONER WILHELM: I would agree that
it is premature to take the kind of decisive step with
the ACIR that we took today with the National Research
Council.

However, we ought not labor under the
delusion that, at least as I read the law, there is
any circumstance in which we will not have an
agreement with the ACIR. Because the law says, as I
read it, that we shall without any question contract
with the ACIR for Section 7(a)(1)(A), which is a thorough review and cataloging of all applicable federal, state, local, and Native American tribal laws, regulations, and ordinances that pertain to gambling in the United States. And then (B) is assistance with respect to some of the other issues. So clearly we are going to have a contract with the ACIR, and I don't think there ought to be any lack of clarity about that. But how extensive it is, it seems to me that it would be premature to act upon today for the reasons others have stated.

CHAIRPERSON JAMES: John, I think you are absolutely right. There is absolutely no lack of clarity, at least in my mind, about the fact that there will be a contract with ACIR.

Having said that, I think that it would be important for you and Leo and Jim to sit down and figure out exactly what that scope would be and maybe to have them come forward with a prospectus and answer some of those difficult questions that were raised this morning and work through some of those problems related to contracting and subcontracting and
staffing. There may be some easy answers to this. We 
just don't, at this particular point, know what they 
are. Having said that, that is the final agenda item 
on the Commission agenda for today.

COMMISSIONER LOESCHER: Madam Chairman?

CHAIRPERSON JAMES: Certainly I will 
recognize you in just a minute, Mr. Loescher. We have 
a full agenda for tomorrow. What I want to say as we 
bring up to a close our time today, if there are any 
additional items that Commission members would like to 
discuss before we adjourn for the day, at this point 
I would be happy to entertain any of those items. Mr. 
Loescher?

COMMISSIONER LOESCHER: Madam Chairman, 
your last comment before you moved to close this part 
of the session was -- and you stated it affirmatively 
again, not withstanding my objection, that you turn 
all of this research contracts to a committee of the 
Commission. I object. I don't want you to have the 
last word on it by declaration.

CHAIRPERSON JAMES: Mr. Loescher, I would 
suggest if you would like to make a motion -- the
reason that I did not act on it is there was no motion
before the Commission. If you would like to make a
motion, I would be happy to see it. See if you can
get a second and then we will have a discussion.

COMMISSIONER LOESCHER: Madam Chairman, as
opposed to that, I don't want to make a motion. I
just want to say for the record that if you think your
declaration of transferring this to the committee is
the last word on the record and that it is a fact of
the Commission, then I object. I think that the thing
should go to a motion to transfer it to a committee
and I am not going to make that motion. But for the
record, I object to transferring a major part of this
Commission's business to a committee.

CHAIRPERSON JAMES: I am certainly happy
to entertain any motion, Mr. Loescher, that you would
like to make. Hearing none, the meeting -- oh, I see
another person over here.

COMMISSIONER WILHELM: I don't have a
motion. I have a different request.

CHAIRPERSON JAMES: Certainly.

COMMISSIONER WILHELM: When I asked the
ACIR representative the source of the advice about
bidding, it was Mr. Snowden, if I understood him.
Will he be with us tomorrow when we discuss the rules?

CHAIRPERSON JAMES: Yes.

COMMISSIONER WILHELM: Good. That would
be important. Because as you know, one of the
proposed rules relates to the Commissions approval of
contracts and subcontracts and so forth.

CHAIRPERSON JAMES: Certainly. One of the
reasons that that portion is on the agenda tomorrow is
because we will have certain legal counsel here from
GSA and so I want to make sure that they are present
to answer your questions to your satisfaction as we
have that discussion. Terry?

COMMISSIONER LANNI: Thank you, Kay. I
was wondering if also maybe Mr. Snowden or counsel
could give us some advice as to what extent we are
required -- maybe a little better definition of the
ACIR and to what extent they are required. I
understand it is clear in the statutes that they are
specifically required. But I would like maybe a
little more clarity on that tomorrow if we could.
CHAIRPERSON JAMES: That is fine. Paul?

COMMISSIONER MOORE: You just asked Leo

and John and all to study and sort of condense it
down. Then it comes back to the Commission.

CHAIRPERSON JAMES: That is correct. Any

other questions or business before the Commission this
evening? Then we will convene tomorrow morning at

9:00. Thank you.

(Whereupon, the meeting was adjourned at

4:29 p.m. to reconvene the following day at 9:00 a.m.)